ILLINOIS DEPARTMENT OF Healthcare and Family Services

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INFORMATIONAL NOTICE

DATE: March 29, 2006

TO: Participating Medical Assistance Providers

RE: Policy Clarification Regarding the Reporting of National Drug Code (NDC)

The purpose of this notice is to advise providers of an extension on the reporting of NDCs and to provide clarification on the reporting of NDCs on fee-for-service claims. Based upon inquiries we have received, it appears that there may be some confusion as to what an NDC is and how to report them. Please refer to the attachment for detailed information regarding NDCs.

Recognizing that there may be some delays in providers getting system changes made to report NDCs on their claims, effective with dates of service July 1, 2006, and after, all claims, including Medicare crossovers, for administered or dispensed drugs must include the NDC. Because the department utilizes the NDC information captured on the claims to maximize federal rebates, it is important that you report all NDCs. The delay in reporting the NDC does not apply to reporting of the Health Care Procedure Coding System (HCPCS) code. You must continue to report the HCPCS code for all drugs. In order to ensure that the appropriate reimbursement is made, please follow the billing instructions outlined below.

HIPAA 837P Transactions and Direct Data Entry through the MEDI System
The department will continue to require that the Health Care Procedure Coding System (HCPCS) codes be supplied to supplement NDC codes for administered or dispensed drugs. Billing instructions for electronic claim transactions can be found in Chapter 300, Topic 302, located on the department's Web site at: http://www.hfs.illinois.gov/handbooks/

Paper Transactions
The HCPCS code with the charge and the appropriate quantity based on the HCPCS definition should be billed on one service line. The corresponding NDC is billed in the next service line and should include the number of containers/packages (vials, ampules or syringes, etc.) used in the quantity field, and a charge of zero in the charges field. The NDC service line must always be the service line directly after the drug HCPCS code service line.

Reporting of Multiple NDCs
When billing for drugs with one HCPCS and multiple NDCs based upon the dosage administered, follow these procedures.
Service Line 1: HCPCS Code
Service Line 2: NDC
Service Line 3: HCPCS Code (same as Service Line 1) - Modifier 76 (Repeat Procedure)
Service Line 4: NDC
Service Line 5: HCPCS Code (same as Service Line 1 & 3) - Modifier 51 (Multiple Procedures)
Service Line 6: NDC

These procedures apply to both paper and electronic transactions.

Hand Priced Drug Procedure Codes
The department will require both the HCPCS code and NDC for drugs requiring hand pricing. These procedure codes are identified on the physician's fee schedule on the department's Web site at <http://www.hfs.illinois.gov/feeschedule/>. Providers must report the HCPCS code in the procedure field, the product name, strength and the dosage administered or dispensed in the description field, quantity of 1 in the quantity/units field and total charges for the drug in the charges field. In the service line immediately following, providers must report the NDC in the procedure field, number of containers/packages (vials, ampules or syringes, etc.) in the quantity/units field and charge of zero in the charges field.

Providers wishing to receive e-mail notification, when new provider information is posted by the department, may register at the following HFS Web site at:
http://www.hfs.illinois.gov/provrel

Electronic claim submission via the Internet is available by registering on the department's Medical Electronic Data Interchange, Internet Electronic Claims (MEDI/IEC) System via the Internet at: <http://www.myhfs.illinois.gov/>. The MEDI/IEC System is available to enrolled providers and their authorized staff, claim submitting agents and payees. During the registration process, you will be given access to specific claim formats based upon your enrollment status with the department.

If you have questions regarding this notice, please contact the Bureau of Comprehensive Health Services at 1-877-782-5565.

Anne Marie Murphy, Ph.D.
Administrator
Division of Medical Programs

What is a National Drug Code (NDC)?

Each drug product listed under *Section 510 of the Federal Food, Drug, and Cosmetic Act* is assigned a unique 10-digit, 3-segment number. This number, known as the NDC, identifies the labeler/vendor, product, and trade package size. The first segment, the labeler code, is assigned by the Food and Drug Administration (FDA). A labeler is any firm that manufactures, repacks or distributes a drug product. The second segment, the product code, identifies a specific strength, dosage form, and formulation for a particular firm. The third segment, the package code identifies package sizes. Both the product and package codes are assigned by the firm. The NDC will be in one of the following configurations: 4-4-2, 5-3-2, or 5-4-1.

The Health Insurance Portability and Accountability Act (HIPAA) standard code set for NDCs is eleven digits, or a 5-4-2 configuration. Therefore, when submitting an NDC to the department, a leading zero must be added. Where the zero is added depends upon the configuration of the NDC. For example, if the NDC is a 5-3-2 configuration, a leading zero would be required in the second segment in order to have a 5-4-2 configuration. An NDC with a 4-4-2 configuration would require a leading zero in the first segment to comply with the 5-4-2 configuration. An NDC with a 5-4-1 configuration would require a leading zero in the last segment to comply with the 5-4-2 configuration.

Examples of the NDC and leading zero placement follow:

NDC # Configuration	**Leading Zero Placement for 5-4-2 Configuration**
XXXX-XXXX-XX	**0**XXXX-XXXX-XX
4 - 4 - 2	**5** - 4 - 2
XXXXX-XXX-XX	XXXXX-**0**XXX-XX
5 - **3** - 2	5 - **4** - 2
XXXXX-XXXX-X	XXXXX-XXXX-**0**X
5 - 4 -**1**	5 - 4 - **2**